

**Penn SERS Announces Investment Returns;
Approves Stress Testing and Risk Assessment Report and
Joining Securities Fraud Recovery Services Pilot Project**

HARRISBURG – The Board of the Pennsylvania State Employees’ Retirement System, meeting here today, received a report on investment returns for the second quarter and first half of calendar year 2023, and approved the *2023 Stress Testing and Risk Assessment Report* and joining the National Conference on Public Employee Retirement Systems’ Securities Fraud Recovery Services pilot project.

Returns generated for the Defined Benefit Plan by asset class over the second quarter and first half of 2023 were:

Asset Class	2nd Quarter 2023	Year to Date 6/30/2023
U.S. Equity	8.32%	15.88%
International Developed Markets Equity	3.68	12.37
Private Equity	2.79	3.64
Legacy Private Credit	2.50	4.53
Emerging Markets Equity	1.63	7.10
Cash	1.24	2.36
Fixed Income	(0.49)	2.46
Inflation Protection (TIPS)	(1.57)	1.96
Real Estate	(3.35)	(5.78)
Total Fund	3.28%	7.48%

All returns are reported net of fees. Private equity, legacy private credit, and real estate returns are reported on a quarter lag and are adjusted for cash flows. Additional information, including benchmark data, is listed in the quarterly investment performance reports at SERS.pa.gov/Investments.html.

The board also received reports on the second quarter [Defined Contribution Plan investment option performance](#) and [Deferred Compensation Plan investment option performance](#), which are also available on SERS’ website.

Stress Testing and Risk Assessment Report

The board approved the [2023 Stress Testing and Risk Assessment Report](#) that considers a wide range of investment-related, demographic-related, and contribution-related risks that could affect the long-term health and stability of the SERS Fund. The system’s actuary, Korn Ferry, ran several calculations based on a series of “What if?” scenarios to determine any potential effect on future employer contributions and the availability of assets to pay benefits when due to members. Korn Ferry concluded that, “SERS has several policies and practices that allow it to be well positioned to adjust to potentially unfavorable circumstances such as those experienced during the global pandemic.”

In Feb. 2023, [The Pew Charitable Trusts praised SERS’ stress testing reports](#), saying, “... the reports prepared by SERS have been leading examples of forward-looking risk reporting designed to inform long-term decision-making.”

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Securities Fraud Recovery Services Pilot Project

The board approved SERS' participation in the National Conference on Public Employee Retirement Systems' Securities Fraud Recovery Services pilot project, and the engagement of DIVIDEX Management, LLC for securities fraud recovery services through the pilot project. The project is designed to provide monthly reports on foreign securities fraud recovery opportunities, claims filing deadlines for select class action settlements, and payouts from select large class action settlements at no cost to participants, as well as three free consultations to help evaluate a securities fraud claim opportunity.

Updated Authorized Securities Signatories

The board also approved an updated list of authorized securities signatories to include the Director of Governance & Strategic Initiatives. Any two signatories acting jointly, along with two representatives of the Pennsylvania Department of Treasury, have the authority to affect security transactions on behalf of SERS.

FY 2024-25 Proposed Budgets

The board approved the proposed FY 2024-25 administrative, investment, Defined Contribution Plan, and Deferred Compensation Plan budget proposals.

Policy Updates

Continuing its routine governance review of board policies, the board approved updates to the:

- [Standards of Conduct for SERS Board](#)
 - [Exhibit A - Ethical Conduct Policy](#)
 - [Exhibit B - Recusal Policy](#)
 - [Exhibit F - SERS Financial Disclosure Policy](#)
- [Insider and Personal Trading Policy](#)
- [SEC Pay to Play Compliance and Reporting Policy](#)
- [Governing Laws, Mission, and Guiding Principles](#)
- [Performance Management for Select Key SERS Positions Policy](#)

The updated policies are available in the [SERS Board Governance Manual](#).

The board also approved a 5.3% increase to the salary bands provided in the [Compensation Policy for Investment Professional Staff](#) and a salary increase outside the established review cycle for Deputy Chief Investment Officer William Truong and Managing Director of Investment Operations Jeffrey Meyer, all to be effective Sept. 26, 2023. The Board Governance and Personnel Committee also approved a pay increase for Investment Accountant Matthew Casolo, effective Sept. 19, 2023.

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 239,000 members. As of June 30, 2023, SERS' Defined Benefit Plan had assets of approximately \$35.5 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$146 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 57,000 participants and assets of approximately \$4.3 billion as of June 30, 2023. A wealth of information is available at www.SERS.pa.gov.



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